

SECOND QUARTER REPORT 2020

April to June 2020

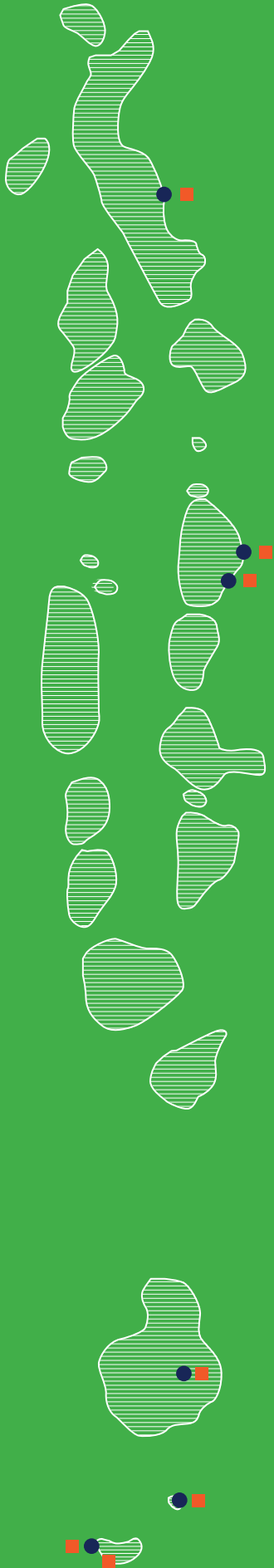


MALDIVES ISLAMIC BANK PLC.

Maldives Islamic Bank PLC., the first and fully Shariah compliant bank in the Maldives is a collaboration between Islamic Corporation for the Development of the Private Sector (ICD), the private sector arm of the Islamic Development Bank Group (IsDB) and the Government of Maldives, represented by Ministry of Finance. The parties entered into an agreement on 04th October 2009 with a view to jointly develop and pioneer Islamic Banking services in the Maldives in line with principles of Shariah. MIB opened its' doors on the 7th of March 2011 with the opening of the main branch in Male', the capital of Maldives and quickly followed suit by expanding into all major population centres of the nation. MIB now operates with 6 branches in 5 atolls across the country. The Bank is listed on Maldives Stock Exchange as the only full-fledged Islamic bank in Maldives since November 2019. Today, the Bank's 31% of share capital is owned by the general public, in line with the Bank's principle of increasing public participation in the Bank's ownership.

Incorporated as a Private Limited Company, the Bank was brought to inception with the intention to provide an alternative to the public and businesses who wish to avail themselves to banking transactions and dealings in strict compliance to Islamic banking principles. The primary goal was to offer the people of Maldives the opportunity to be a part of the fast-growing Islamic banking community worldwide. MIB is an active participant in the development and promotion of an Islamic economic and financial system in the Maldives.

MIB provides full range of Shariah compliant deposit products and financing solutions catering to the general public, both individuals and businesses. From humble beginnings, MIB currently provides its service through a branch network of 06 to meet the growing demand and to facilitate Islamic banking convenience throughout the country in major population centres. In its continuous effort to provide better access and convenience to its customers, the Bank has expanded its alternative distribution channels through Automated Teller Machines (ATM)s network, Point of Sale (POS) terminals at various merchant outlets and via its online banking service, FaisaNet. MIB constantly strives to exceed customers' expectations by proactively developing long-term relationships and through constantly introducing modern banking services such as FaisaPay for online payments and FaisaMobile for mobile banking services.



OUR BRANCHŌ ATM NETWORK

Haa Dhaalu Kulhudhuffushi
Branch & ATM

Male', Male' City
Main Branch, Service Center & ATM

Hulhumale', Male' City
Branch & ATM

Gaafu Dhaalu Thinadhoo
Branch & ATM

Gnaviyani Fuvahmulah
Branch & ATM

Addu City Hithadhoo
Branch & ATM

Addu City Feydhoo
ATM

● BRANCH ■ ATM

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SUMMARY

Despite the anticipated set-back in the Bank's overall performance for Q2 of 2020 due to COVID-19 pandemic, the Bank was able to retain satisfactory pre-provisioning results over the past quarter. While the Bank's total revenue compared to Q1 was lower by 13.01%, the Bank's Net Assets per share was higher than Q1 at MVR 27.18. The overall macro-economic downturn during the last few months have marginally impacted our revenue lines. Operating costs were tightly managed to offset top line revenue shrinkage. Provisioning was higher than the anticipated projections, primarily due to providing the concessions under the MMA moratorium instructions. The YTD Operating Profits before provisioning was almost in line with target numbers showing a negative variance of 2.42%. The Bank's Net Profit recorded a decline of 69.48% compared to Q1, primarily due to unanticipated provisions. However, the Bank's cash flow position improved at the end of the quarter by 10.57% compared to that of Q1 of 2020.

While the Bank's overall results were managed at satisfactory levels during the quarter, going forward, the performance of the Bank is most likely to get affected further during 2020 due to COVID-19 pandemic. MIB is committed to provide continued support to the customers and businesses across segments and communities where we are present, whilst following the guidelines provided by the Regulators from time to time, during this challenging time.

Please note that the financials mentioned below for Q2 and Q1 of 2020 are pre-audited numbers.

STATEMENT OF COMPLIANCE

This report has been prepared in accordance with the Capital Market Development Authority's Circular on Minimum Criteria for Periodic Reporting for Listed Companies (MCPR) dated 19th September 2019.

BUSINESS DEVELOPMENTS

WORKING FROM HOME (WFH) DURING LOCKDOWN TO SUPPORT BUSINESS ACTIVITIES

Working From Home (WFH) was imperative for the well-being of the Bank's team during COVID-19 lockdown. Process changes across the Bank's operations were initiated without compromising service standards in order to offer essential services through Male' and all Island Branches, ensuring all HPA directions were strictly followed, in order to safeguard the Team Members and our valued customers. This not only provided the much required support to the communities where MIB is present, but by The Grace of The Almighty not a single staff was infected by the virus during the lockdown.

INTERBANK PRODUCT INNOVATION

MIB Treasury Team came out with a unique Shariah Compliant mechanism to support MVR Liquidity by using surplus USD. The interbank placements allowed the parties to optimize the funds and liquidity while mutually assisting the banks to tackle the liquidity challenges arising from the pandemic. Under the contract of Qard, the arrangement was first of its kind in the local banking industry.

NEW ATM IN FEYDHOO, ADDU CITY

Maldives Islamic Bank PLC. continuously strives to fulfill its mandate of financial inclusion and support for local communities. The Bank believes in providing our customers with ease of access to our services as part of enhancing the customer service experience. MIB launched a new ATM machine in Feydhoo of Addu City on 18th May 2020 as part of our support to the local communities. The opening of the ATM provided a much needed solution for the citizens of Addu city, to be able to fulfill their banking needs remotely amid the nationwide COVID-19 lockdown.

The ATM machine is located right next to the harbor on the main road (causeway), giving easy access to those who live in Feydhoo, as well as those who travel between the islands of Addu City as Feydhoo is located in between Gan and Hithadhoo.

With this ATM, we now have 2 ATM machines located in Addu City, and hope to continue expanding more into the city as we go forward.

MORATORIUM PORTAL

We launched an internet portal to apply for and undertake the offer and acceptance of moratorium in April 2020. With this portal, customers are able to apply for moratorium online and receive notifications on changes to their application status through SMS. Ultimately, when the request for moratorium is processed and ready, customers are able to login to the portal and accept the offer or moratorium given, completing the entire cycle online.

With the lockdown in full force since 15th April 2020, the introduction of this portal allowed us to process the moratorium with better efficiency. The portal will remain open and available for customers for 6 months from the date of announcement of moratorium.

RAMADAN #STAYHOME PROMOTION WITH 2% CASHBACK CAMPAIGN

MIB launched the first ever cashback campaign in the Maldives during last Ramadan. Starting 24th April 2020, the campaign aimed to give those who pay for their shopping using their MIB account a 2% cashback on their purchases. In addition, a Grand Prize of MVR 20,000 as well as 6 Runner-Up prizes of MVR 5,000 was up for grabs for customers who recorded the highest number of transactions during this period.

This campaign was designed to encourage MIB customers to use our digital platforms to pay for their shopping during the lockdown. They include, FaisaCard, FaisaPay and Mobile/Internet Banking transfers. The overwhelming response from our customers during this promotion was truly a reflection of the strong relationship between us and our customers.



CASHBACK PROMOTION

Due to popular demand of our Ramadan #Stay-Home Promotion, a new cashback campaign was launched on 1st of June 2020. The campaign is designed to run from 1st of June 2020 for up to 3 months, ending on 31st August 2020.

The promotion allows our customers to get 2% cashback for eligible transactions when they pay for their shopping using MIB accounts, through FaisaCard, FaisaPay and Mobile/Internet Banking



transfers. The promotion also includes a grand prize of MVR 10,000 and 4 Runner-Up prizes of MVR 2,500 each month of the promotion. In addition to this, a Mega Prize of MVR 20,000 is up for grabs for the customer who records the highest value of eligible transactions during the entire campaign period.

SHAREHOLDING STRUCTURE

During the reporting period, shareholding structure of the Bank remains unchanged compared to Quarter 04 of 2019. The current shareholding structure of the Bank is as follows.

Name	Q2 – 2020		Q1 - 2020	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Islamic Corporation for the Development of the Private Sector (ICD)	8,100,000	36.00%	8,100,000	36.00%
Government of Maldives	6,300,000	28.00%	6,300,000	28.00%
Amana Takaful (Maldives) PLC.	1,125,000	5.00%	1,125,000	5.00%
Public Shareholders				
1. Maldives Pension Administration Office	2,369,370	10.53%	2,369,370	10.53%
2. Others	4,605,637	20.47%	4,605,637	20.47%
Total	22,500,007	100%	22,500,007	100%

BOARD AND GOVERNANCE

Composition of the Board and Board Committees

Name	Designation	Committee	Date of Appointment / Re-appointment
Mr. Najmul Hassan	Chairman (Independent Non-Executive Director)	BRCC, BNRC	20/11/2018
Mr. Mohammed Ataur-Rahman Chowdhury	Independent Non-Executive Director	BAC, BNRC	08/10/2018
Mrs. Fathimath Shafeega	Independent Non-Executive Director	BAC	05/08/2019
Mr. Mohamed Azad	Independent Non-Executive Director	BAC, BNRC	23/04/2017
Mr. Osman Kassim	Independent Non-Executive Director	BRCC	23/04/2017
Mr. Nasser Mohammed Al-Thekair	Independent Non-Executive Director	BRCC	18/02/2019
Mr. A.E.A. Muhaimen	Managing Director & CEO	-	27/06/2019
Mr. Ali Wasif	Executive Director & CFO	-	27/06/2019

* Extended the tenure of Board Directors, Mr. Mohamed Azad and Mr. Osman Kassim effective from 23rd April 2020 until the next AGM of the Bank.

Frequency of Meetings

	Q2 – 2020	Q1 – 2020
Board of Directors	03 (Three)	03 (Three)
Board Risk and Compliance Committee (BRCC)	02 (Two)	03 (Three)
Board Audit Committee (BAC)	01 (One)	03 (Three)
Board Nomination and Remuneration Committee (BNRC)	01 (One)	02 (Two)

Significant Board Decisions

- › Reviewed and approved the Bank's Quarterly Report for Q1 2020.
- › Board of Directors ratified 54 financing proposals amounting to MVR 206.27 million approved by the Financing & Investment Committee during the period 01/06/2019 to 31/03/2020.
- › Approved Consumer Financing Moratorium eligibility criteria.
- › Approved the restructuring facilities of Corporate Financing customers as per the recommendation of RMCU.
- › Approved the decision rights of Financing & Investment Committee during the COVID-19 pandemic as recommended by the BRCC.
- › Approved Interbank placement enhancement.
- › Approved the Line of Finance from ICD of USD 10 million.
- › Approved to hold the AGM of the Bank in July 2020.
- › Approved the appointment of new Nominee Director. The appointment is to be confirmed at the next AGM of the Bank.
- › Approved to shortlist candidates for the position of Elected Director. The shortlisted candidates will be put forward for voting at the next AGM of the Bank.
- › Approved Three-Year digital strategy of the Bank.

Penalties Imposed by the Regulator

There are no penalties imposed by the regulator during this quarter.

Material Transactions with the Directors

There are no material transactions beyond ordinary course of business with directors, significant shareholders or associates during this quarter.

CORPORATE SOCIAL RESPONSIBILITY

The main activities and events conducted under the umbrella of Corporate Social Responsibility by the Bank during Q1 of 2020 are as follows.

MIB has awarded and continues to provide funding including tuition fees and living allowance to 4 scholars studying at Islamic University of Maldives (IUM). These scholarships are towards reading for undergraduate degree in Islamic Finance at IUM.

FINANCIAL HIGHLIGHTS

(All amounts in MVR'000 unless otherwise stated)

	Apr - Jun 2020	Jan - Mar 2020
Total Revenue	62,806	72,200
Total Expenses	(49,895)	(29,900)
Net Profit	9,683	31,725
Earnings Per Share	0.43	1.41
Nets Assets per Share	27.18	26.75
Cash Flow per Share	1.44	1.73

FINANCIAL STATEMENTS

Income Statement (Unaudited) - Quarter ended 30 June 2020

(All amounts in MVR'000 unless otherwise stated)

	Apr - Jun 2020	Jan - Mar 2020
Gross Income		
Income from Financing and Similar Income	70,068	77,460
Profit Paid on Customer Accounts and Similar Charges	(11,606)	(11,974)
Net Fund based Income	58,462	65,486
Fee and Commission Income	4,420	6,921
Fee and Commission Expense	(174)	(256)
Net Fee and Commission Income	4,246	6,665
Other Operating Income	98	50
Total Operating Income	62,806	72,200
Loss on Fair Valuation of Financial Instruments Mandatorily Measured at FVTPL	-	-
Personnel Expenses	(16,419)	(16,446)
General and Administrative Expenses	(7,644)	(8,434)
Depreciation and Amortization	(5,571)	(5,623)
Total Operating Expenses excluding Provision	(29,634)	(30,503)
Operating Profit (Profit before Provisions)	33,172	41,698
Provision for Bad and Doubtful Debts	(20,261)	603
Profit Before Tax	12,911	42,300
Income Tax Expense	(3,228)	(10,575)
Net Profit for Quarter	9,683	31,725
Basic Earnings Per Share	0.43	1.41

Statement of Financial Position (Unaudited) - As at 30 June 2020

(All amounts in MVR'000 unless otherwise stated)

	30-Jun-20	31-Mar-20
Assets		
Cash, Short Term Funds & Balances with MMA	1,084,661	911,959
Minimum Reserve Requirement with MMA	228,966	305,901
Investments in Equity Securities	57,300	57,300
Investments in Other Financial Instruments	481,982	464,767
Net Receivables from Financing Activities	2,167,156	2,241,581
Property, Plant and Equipment	57,642	55,415
Right-of-Use Assets	91,739	94,141
Other Assets	55,092	80,436
Total Assets	4,224,538	4,211,500
Liabilities		
Customers' Accounts	3,159,462	3,123,324
Lease Liabilities	90,982	92,645
Other liabilities	362,621	393,740
Total Liabilities	3,613,065	3,609,710
Equity		
Share Capital	337,500	337,500
Retained Earnings	131,573	124,310
Statutory Reserve	124,283	121,862
Other Reserves	18,117	18,117
Total Equity	611,473	601,790
Total Liabilities and Equity	4,224,538	4,211,500



Ali Wasif
Chief Financial Officer



A.E.A. Muhaimen
Managing Director & CEO



Fathimath Shafeega
Chairperson / BAC

Statement of changes in Equity (Unaudited) - Quarter ended 30 June 2020

(All amounts in MVR'000 unless otherwise stated)

	Share Capital	Retained Earnings	Statutory Reserve	Other Reserves	Total Equity
Balance as at 01 January 2020	337,500	100,516	113,931	18,117	570,065
Net profit for the quarter	-	31,725	-	-	31,725
Dividends to equity holders	-	-	-	-	-
Transferred to reserves	-	(7,931)	7,931	-	-
Issue of Shares	-	-	-	-	-
Balance as at 31 March 2020	337,500	124,310	121,862	18,117	601,790
Net profit for the quarter	-	9,683	-	-	9,683
Dividends to equity holders	-	-	-	-	-
Transferred to reserves	-	(2,421)	2,421	-	-
Issue of Shares	-	-	-	-	-
Balance as at 30 June 2020	337,500	131,573	124,283	18,117	611,473

Statement of Cash Flows (Unaudited) - Quarter ended 30 June 2020

(All amounts in MVR'000 unless otherwise stated)

	Q2 2020	Q1 2020
Cash Flows from Operating Activities	32,332	38,898
Changes in Operating Assets and Liabilities	82,037	243,073
Cash Flows from Investing Activities	58,333	(72,086)
Cash Flows from Financing Activities	-	-
Net increase/ (used) in Cash and Cash Equivalents	172,702	209,885
Cash and Cash Equivalents at beginning of Quarter	911,959	702,074
Cash and Cash Equivalents at end of Quarter	1,084,661	911,959

INVESTOR INFORMATION

Highest Traded Price	MVR 45.00
Lowest Traded Price	MVR 45.00
Last Traded Price	(on 24 th June 2020) MVR 45.00
Weighted Average Traded Price	MVR 45.00
Number of Securities Traded	185
Value of Securities Traded	MVR 8,325.00
Market Capitalization	MVR 1,012,500,315
Dividend Yield *	3.50%
Price Earnings Ratio **	12.23
Total No. of Shareholders at the end of Quarter	16,151

* This is based on the dividend recommended by the Board of Directors in its meeting held on 16th March 2020 and is subject to approval of the shareholders at the forthcoming Annual General Meeting of the Bank.

** Annualised.

SHARIAH COMPLIANCE REVIEW

Maldives Islamic Bank PLC. is the only full-fledged Shariah compliant bank in the Maldives. The business of the Bank remains Shariah compliant as per the regulation on Shariah Screening of Equity Securities of Capital Market Development Authority since its inception. The level of Shariah compliance during the quarter remains unchanged compared to Quarter 01 of 2020.

EXTERNAL AUDITOR'S LIMITED REVIEW

The financials stated above for Quarter 01 and 02 of 2020 are management accounts (unaudited) and are subject to changes after audit by the External Auditor.

